

## Request for City Council Action

Date: September 19, 2002

To: Council Member Lisa Goodman, Community Development Committee,

Prepared by Bob Lind, Manager, Business Finance, Phone 612-673-5068

Approved by Chuck Lutz, MCDA Interim Executive Director \_\_\_\_\_

**Subject:** A Public Hearing and Request for City of Minneapolis to Consent to Issuance of Tax-exempt Revenue Bonds by City of Little Canada for Various Projects Located in Five Metro Area Cities Including Minneapolis for Wingspan Life Resources, Inc.

**Previous Directives:** None. The City of Minneapolis is being asked to consent to the City of Little Canada issuing tax-exempt 501(c)(3) revenue bonds for a project located in Minneapolis.

**Ward:** 611 West 34th Street, Ward 10.

**Neighborhood Group Notification:** The Lyndale Neighborhood Association was notified on August 20, 2002 on the consent to issuance of bonds on behalf of Wingspan Life Resources.

**Consistency with *Building a City That Works*:** The project is consistent with Goal 5 of participating in partnerships for common community development objectives.

**Comprehensive Plan Compliance:** The project facility is zoned R2B and is in compliance with a community living services facility.

**Zoning Code Compliance:** The project location is zoned R2B and is a permitted use.

**Impact on the MCDA Budget:**

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain): The applicant will be responsible for the City's out-of-pocket expenses associated with the host approval.

**Living Wage/Business Subsidy:** Does not apply. The project is a 501(c)(3) conduit financing that is not subject to Living Wage/ Business Subsidy.

**Job Linkage:** N.A.

**Affirmative Action Compliance:** N.A.

**RECOMMENDATION:**

**City Council Recommendation:** The Interim Executive Director recommends that

the City Council adopt the attached Resolution, a summary of which will be published following a Public Hearing held on September 19, 2002 notice of which

was published in Finance and Commerce on August 31, 2002, giving Approval to the issuance of Tax-exempt Revenue Bonds by the City of Little Canada for various health care facilities located in five metro area cities including Minneapolis for Wingspan Life Resources, Inc.

Background/Supporting Information

**PROJECT LOCATION & DESCRIPTION:**

Wingspan Life Resources, Inc., a Minnesota nonprofit corporation, would like to refinance the existing debt with respect to a 4-bed supervised living services facility for the developmentally disabled located at 611 West 34th Street in Minneapolis, in the maximum amount of \$160,000. Wingspan Life Resources would like to combine this refinancing with the financing of other projects located in the cities of Little Canada, Falcon Heights, Roseville and Bloomington, with the total amount of the tax-exempt bonds to be issued by the City of Little Canada not to exceed \$1,400,000.

In order to make use of tax-exempt revenue bonds in an effort to reduce its annual interest expense and debt service, Wingspan Life Resources proposes to use the City of Little Canada as the issuer of the bonds. To help facilitate this transaction, the City of Minneapolis along with the cities of Roseville, Bloomington and Falcon Heights are being asked to give host approval through a joint powers agreement.

**GIVING HOST CITY APPROVAL TO THE  
ISSUANCE OF HEALTH FACILITIES REVENUE OBLIGATIONS FOR A  
PROJECT BY WINGSPAN LIFE RESOURCES LOCATED IN  
THE CITY OF MINNEAPOLIS, UNDER MINNESOTA STATUTES,  
SECTIONS 469.152 THROUGH 469.1651 AND  
APPROVING A JOINT POWERS AGREEMENT**

BE IT RESOLVED, by the City Council (the "Council") of the City of Minneapolis, Hennepin County, Minnesota (the "City") as follows:

Section 1. **General Recitals.** The purpose of Minnesota Statutes, Sections 469.152 through 469.1651 as amended, (the "Act"), is, among other things, to promote the welfare of the State of Minnesota (the "State") by providing necessary health care facilities.

Section 2. **Description of the Project.**

(a) Wingspan Life Resources, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Corporation") has proposed the issuance of revenue obligations under the Act, in one or more series, in an amount not to exceed \$1,400,000 (the "Obligations") to finance the costs of a project (the "Project") consisting of the refinancing or acquisition and renovation by the Corporation of 4-bed supervised living services health care facilities for developmentally disabled persons and an office building as more particularly described below, a portion of which is located in the City, as described under the heading Minneapolis Portion below:

Location	Refinancing	Acquisition and Renovation	Max. Amount to be Issued
<b>Falcon Heights Portion</b>			
1489 Hoyt Ave. West, Falcon Heights	\$150,000		
<b>FALCON HEIGHTS TOTAL</b>			<b>\$150,000</b>
<b>Minneapolis Portion</b>			
611 West 34th Street, Minneapolis	\$160,000		
<b>MINNEAPOLIS TOTAL</b>			<b>\$160,000</b>
<b>Roseville Portion</b>			
2939 Troseth, Roseville	\$170,000		
<b>ROSEVILLE TOTAL</b>			<b>\$170,000</b>
<b>Little Canada Portion</b>			
2954 Rice Street, Little Canada		\$292,000	

LITTLE CANADA TOTAL			\$292,000
Bloomington Portion			
10220 York Lane, Bloomington		\$200,000	
9400 Sheridan Avenue, Bloomington		\$200,000	
9212 Portland Avenue S., Bloomington		\$200,000	
BLOOMINGTON TOTAL			\$600,000
Subtotal	\$480,000	\$892,000	\$1,372,000
Issuance costs			\$28,000
TOTAL			\$1,400,000

(b) The Project will be owned by the Corporation.

(c) As more fully described above, portions of the Project are located in the City, the City of Little Canada (the "Issuer"), and the Cities of Falcon Heights, Roseville and Bloomington, Minnesota (the "Host Cities").

### Section 3. **Recitals Relating to Joint Exercise of Powers.**

(a) Under the Act, the City, the Issuer and the Host Cities are each authorized and empowered to issue revenue bonds or a revenue note to finance or refinance all or any part of the costs of a project consisting of the refinancing of debt incurred with respect to, or acquisition and betterment of, health care facilities or revenue-producing facilities of organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and to refund bonds previously issued under the Act.

(b) The Corporation has requested that the City, the Issuer, and the Host Cities cooperate (as permitted by Minnesota Statutes, Section 471.59) through a joint powers agreement in authorizing the financing of the Project through the issuance of the Obligations by the Issuer, or one of the other Host Cities, pursuant to the Act.

(c) A draft copy of the Joint Powers Agreement among the City, the Issuer and the Host Cities (the "Joint Powers Agreement") has been submitted to the Council and is on file in the offices of the Minneapolis Community Development Agency.

Section 4.      **Recital of Representations Made by the Corporation**

(a)      The City has been advised by representatives of the Corporation that: (i) conventional financing is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced; (ii) on the basis of information submitted to the Corporation and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Obligations could be issued and sold upon favorable rates and terms to finance the Project; (iii) the Corporation will experience a significant debt service cost savings as a result of the Project; and (iv) the Project would not be undertaken but for the availability of financing under the Act.

(b)      The Corporation has agreed to pay any and all costs incurred by the City in connection with the issuance of the Obligations, whether or not such issuance is carried to completion.

(c)      The Corporation has represented to the City that no public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

Section 5.      **Public Hearing.**

(a)      As required by the Act and Section 147(f) of the Code a Notice of Public Hearing was published in *Finance & Commerce*, the City's official newspaper, and the *Minneapolis Star Tribune*, a newspaper of general circulation, for a public hearing on the proposed issuance of the Obligations and the proposal to undertake and finance the Project.

(b)      As required by the Act and Section 147(f) of the Code the Community Development Committee of this Council has on September 19, 2002, held a public hearing on the issuance of the Obligations and the proposal to undertake and finance the portion of the Project located within the jurisdictional limits of the City, at which all those appearing who desired to speak were heard and written comments were accepted.

Section 6.      **Host Approval.** The City hereby gives the host approval required under the Internal Revenue Code to the issuance of the Obligations.

Section 7.      **Approval and Execution of Joint Powers Agreement.**

(a)      The Joint Powers Agreement is hereby made a part of this Resolution as though fully set forth herein and is hereby approved in substantially the form presented to the City Council. The Mayor, the Clerk and the Finance Officer, or the authorized designee of any of the foregoing, are authorized and directed to execute, acknowledge, and/or deliver the Joint Powers Agreement on behalf of the City with such changes, insertions, and omissions therein as the City Attorney may hereafter deem appropriate, such execution to be conclusive evidence of approval of such document in accordance with the terms hereof.

(b)      The Mayor, the Clerk and the Finance Officer, or the authorized designee of any of the foregoing, are authorized and directed to execute and deliver such other documents or certificates needed from the City for the sale of the Obligations.

(c)      The approvals in this Section are specifically subject to approval of the Joint Powers Agreement by the Issuer and the Host Cities.

Section 8.      **Ratification.** The actions of the Clerk taken with respect to causing the Notice of Public Hearing to be published in the official newspaper of the City and a newspaper of general circulation in the City not less than 14 days prior to the hearing are ratified and confirmed in all respects.